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Part 2A of Form ADV: Firm Brochure

This Brochure provides information about the qualifications and business practices of Financial Engines Advisors L.L.C. ("FEA"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. If you have any questions about the contents of this Brochure, please contact us at 1-800-601-5957. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about FEA is also available on the SEC's website at www.adviserinfo.sec.gov.

Financial Engines

ITEM 2 MATERIAL CHANGES

Since the last update of this Brochure dated March 31, 2017, FEA has not made any material changes to this Brochure. This text-searchable document describes FEA's business practices, conflicts of interest and background, including background of its advisory personnel, in accordance with the prescribed SEC format.

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ITEM 4 ADVISORY BUSINESS

FEA, established in 1997, is a wholly owned subsidiary of Financial Engines, Inc. ("FEI"), a publicly held company.

I. OVERVIEW

FEA provides technology-enabled comprehensive financial advisory services, including financial planning, investment management and retirement income solutions, covering accounts including employer-sponsored defined contribution accounts (401(k), 457, and 403(b) plans), individual retirement accounts ("IRAs"), and taxable accounts. We help individuals, either online or with an advisor, develop a strategy to reach investing and retirement goals by offering a comprehensive set of services, including holistic, personalized plans for saving and investing, assessments of retirement income, and the option to meet face-to-face with a dedicated financial advisor. As further explained below, our services generally can be accessed either through the workplace, or directly through one of our more than 140 advisor centers nationwide.

II. SERVICES THROUGH THE WORKPLACE

FEA offers the following services for employees' workplace retirement and other accounts through an agreement between FEA and the plan and/or the sponsoring employer ("plan sponsor"). FEA also has arrangements with financial institutions to provide similar services on a sub-advisory basis.

(a) Online Advice

Online Advice is a service that is available to all participants in employer-sponsored defined contribution plans through an agreement between FEA and the plan and/or the sponsoring employer. Online Advice includes the following educational and guidance features:

- a forecast of the potential future account value or the potential annual retirement income;
- a forecast of the likelihood that a client will achieve their retirement income or account value goals, taking into consideration the total household investment portfolio;
- phone access to investment advisor representatives via a toll-free number;
- guidance on savings rates and retirement age; and
- access to ongoing monitoring, including optional online quarterly Retirement Updates.

Plan participants who enter into or adopt an Investment Services Agreement with FEA can also receive recommendations among the investment alternatives available in the employer-sponsored retirement plan. Such alternatives generally include mutual funds and other investment company securities, and in some cases, one or more equity securities issued by the plan sponsor. With Online Advice, the participant retains discretion over their employer-sponsored retirement plan, and is free to decide whether to implement FEA's recommendations, in whole or in part.

FEA typically offers the following two service levels in connection with Online Advice:

- Total Retirement: advice on a household's tax-deferred accounts; or
- Total Portfolio: advice on all of a household's tax-deferred and taxable assets.

Using Online Advice

Investment recommendations. Online Advice clients generally receive specific buy and sell recommendations to allocate assets among the universe of investment alternatives that have been selected by the plan sponsor or other plan fiduciary for inclusion in the applicable defined contribution plan (or by another financial institution or the adopter in the case of other retirement accounts outside the plan account). These alternatives are generally mutual funds and, in some cases, one or more equity securities issued by the plan sponsor. FEA provides advice and recommendations with respect to:

- mutual funds (buy/sell);
- commingled funds (buy/sell);
- separate accounts (buy/sell); and
- exchange-listed equity securities (sell only).

FEA may provide advice and recommendations with respect to insurance company-issued guaranteed investment contracts and variable annuities. FEA may also take into consideration closed-end funds and exchange-traded funds.

Other types of investments (such as those listed below) held outside of a client's defined contribution plan account can be entered and defined by the participant for inclusion in portfolio forecasting analyses:

- certificates of deposit;
- variable annuities;
- stocks trading on foreign exchanges;
- bonds (including municipal securities, corporate debt securities and Treasury securities);
- warrants; and/or
- options

Advice implementation. The Online Advice client is responsible for determining whether and when to implement the recommendations they receive from Online Advice. FEA has established electronic communications links with certain defined contribution plan providers ("plan providers") and other financial institutions to enable plan participants to transmit their contribution and investment decisions to the plan provider or institution for execution.

Account monitoring through Online Advice. Plan participants may use Online Advice as frequently as they choose to monitor progress toward their retirement goals, receive forecasts and investment recommendations, and access educational content at FEA's website. Online Advice updates the values of most mutual funds and stocks in plan accounts daily. A participant is responsible for periodically revisiting Online Advice to:

- update account information to reflect changes in investments, including purchases and sales of investments;
- update personal information, including retirement goals, to reflect changes in personal or financial circumstances; and/or
- review any updates regarding changes to the participant's account value or forecast.

The failure of an Online Advice client to review and periodically update their personal and financial information can materially affect the value of the investment advisory services provided by FEA. For certain participants, some account information may be updated automatically when the client revisits Online Advice if FEA has established an electronic communications link with the participant's plan sponsor and/or plan provider or other financial institution. FEA may from time to time provide e-mail notifications to clients concerning

Retirement Updates, changes in the value of the client's investments or the chances of reaching the client's goal.

Investment analysis. FEA offers plan participants who use Online Advice investment analysis of mutual funds and stocks in the form of Scorecards. Each Scorecard presents an analysis of the risk, expenses, style, turnover and historical performance of a particular mutual fund compared to its peers, and assigns the fund a score. A fund's score describes how the fund might perform in the future relative to its peers. The Fund Scorecard also presents a graphical representation of historical performance of a hypothetical investment in the fund. FEA's Scorecards for individual equity securities depict the relative risk and historical performance of the individual stock.

*(b) **Professional Management***

FEA provides discretionary investment management of a client's retirement plan account through the Professional Management program ("Professional Management"). Professional Management may include the following features:

- a retirement plan or similar document showing how FEA will manage and allocate the account, e.g., the portfolio allocation target, suggestions regarding the client's savings and a forecast regarding achievement of the client's retirement goals ("Retirement Plan");
- periodic portfolio monitoring;
- quarterly Retirement Updates;
- phone access to investment advisor representatives via a toll-free number as well as online account access;
- subject to availability, non-discretionary investment advice on retirement accounts outside the plan account;
- Income+, which provides the following portfolio management and income payouts from 401(k) or similar plan accounts for retirees and near retirees who enroll:
    - Prior to retirement, FEA manages the client's portfolio to balance between safety and growth, intending to protect the ability of the account to generate income in the future;
    - Once retired, Income+ is designed to provide steady payments throughout a client's retirement, seeking to last into the early 90s;
    - Upon request, Financial Engines will calculate and facilitate withdrawals from a client's plan account through the plan provider;
    - Clients pay no additional fees for the service, and clients may transition to an Income+ portfolio automatically upon eligibility or by client request;
    - An account balance is maintained for an optional out-of-plan annuity purchase;
        - an in-plan annuity need not be included in a plan's investment lineup for a plan sponsor to offer Income+ services to its participants;
        - FEA may provide general educational information regarding an out-of-plan annuity purchase, but does not sell or distribute annuities, and does not receive any compensation related to out-of-plan annuity purchases; and
    - Income+ availability is subject to establishment of certain data connectivity arrangements between Financial Engines and the applicable plan provider, and is subject to applicable retirement plan provisions related to plan withdrawals.
- If affirmatively selected and available, plan participants who already have a managed workplace account may also access fee-based individual retirement account ("IRA") management through the workplace. In some limited circumstances certain IRA management services may be available to those without a workplace account (for example, for spouses and rollovers).

Clients of Professional Management

As part of the Professional Management service, clients authorize FEA to direct the plan provider to execute transactions to move toward the allocation target for the account without prior approval of each transaction.

Professional Management is generally made available to plan participants in a defined contribution plan through an agreement between FEA and the plan and/or the sponsoring employer. That agreement will specify the method(s) of enrollment into Professional Management for eligible plan participants, which may include:

- an “opt-in” method of enrollment where a retirement plan participant actively elects to enroll in the program;
- an “opt-out” method of enrollment where eligible plan participants are automatically enrolled in Professional Management in accordance with plan or plan sponsor specifications, with the ability to withdraw at any time without penalty (with this type of enrollment, Professional Management may be designated as a qualified default investment alternative or QDIA), as permitted under the Employee Retirement Income Security Act (“ERISA”); or
- some combination of both methods, as determined by the plan or plan sponsor and as agreed to by Financial Engines.

Plan participants who become clients of Professional Management grant FEA discretionary authority to determine an allocation target for the plan account. This discretionary authority allows FEA to allocate the client’s plan account among the menu of investment alternatives that have been selected by the plan or plan sponsor, typically excluding any brokerage window option, if applicable, or other plan restricted investments.

To allow FEA to provide Professional Management, the plan provider supplies information about each plan participant and the plan account to FEA. Professional Management clients may provide additional information to FEA concerning preference for a growth or income focus, desired retention of company stock, risk preference, asset class exposure limitations, assets held outside the plan and desired retirement age. FEA may take into consideration a client’s holdings outside the retirement plan in the following types of investments in determining the allocation target: stocks or ADRs traded on the major U.S. exchanges, exchange-traded funds, closed-end funds, open-end mutual funds and certain cash holdings. FEA may also take into consideration the following types of investments in its portfolio forecasting analysis: certificates of deposit, variable annuities, stocks trading on foreign exchanges, bonds (including municipal securities, corporate debt securities and Treasury securities), warrants, options and futures.

FEA determines an investment strategy and an allocation target based on the client’s current age, an assumption about the retirement age, the available investments for the account, any pension plan information provided, an assumption about risk tolerance that is based on the client’s current age and assumed retirement age, the client’s current portfolio allocation, and any additional information provided by the client. Additional information provided by the client may modify these parameters.

Due to the statistical nature of FEA’s investment process, a number of potential portfolios will satisfy the criteria for an appropriate investment strategy. This optimal set of portfolios that offer the highest expected return for various levels of risk is often referred to as the “efficient frontier.” The efficient frontier is not a line, but instead is a thin band of portfolios with varying allocations. The portfolio that is selected for implementation is the product of optimization enhancements developed by FEA which consider, among other factors, portfolio turnover, concentration, risk and expected return, number of positions and transactions.

During the period following enrollment, FEA determines how to transition the account toward the allocation target and directs the plan provider regarding allocation of the account (which may include transfer or exchange directions) and provides directions regarding new contributions to the account. Accounts of then-current Professional Management clients newly eligible for the Income+ feature of Professional Management (when available) may also be subject to a similar transition. FEA does not give account directions relating to plan restricted investments.

(c) Retirement Evaluation

As part of the suite of advisory services available to participants in employer-sponsored retirement plans described above, FEA may provide clients with a Retirement Evaluation. The Retirement Evaluation is delivered in printed or electronic format to specified plan participants, and is designed to communicate some (or all) of the following information:

- a summary of the current value of the participant’s plan account;
- a forecast of how much the plan account investments, and other investments that participants submit for analysis, might be worth at retirement;
- whether a change is suggested to the participant’s contribution rate, their portfolio’s risk and diversification, unrestricted company stock holdings, if applicable, target date usage, if applicable, and/or investment style and allocation;
- investment proposals; and
- a projection of how much annual income the participant may anticipate at retirement, based on how much the plan account plus Social Security and certain other benefit accounts could provide.

Portfolio Monitoring

FEA provides ongoing monitoring of participants’ retirement accounts, including access to optional Retirement Updates that are sent out quarterly via email. Portfolio Monitoring may include:

- updates on current retirement account balance and estimated contributions, and retirement income forecast;
- for accounts where the feature has been activated, FEA provides suggestions for ways to improve the income forecast, set appropriate risk, and get a more holistic picture of retirement finances; and
- quarterly print-based account updates are available as an option instead of email, and contain more general indicators of how on track the participant is for retirement, but do not include suggestions on actions to take.

(d) *Additional Workplace Services*

FEA workplace clients may have access to additional services that are designed to be combined with Professional Management. Such services may include management of outside (non-plan) tax-deferred and taxable accounts, and may be provided as part of a higher level of service that includes access to a designated investment advisor representative, in-person meetings, and financial planning intended in part to support and supplement the workplace retirement plan. Availability is subject to plan sponsor authorization. The Income+ feature discussed above is currently not available in connection with the additional workplace services described here.

FEA provides clients with ongoing and continuous advice, based on the individual needs of the client, and will manage client accounts on a discretionary basis, guided by the stated objective(s) of the client. For management of non-workplace accounts, client assets may generally either be invested in individual portfolios generated from FEA’s advice platform or they may be invested in one of several model portfolios derived from FEA's proprietary methodology. Plan participants who select this higher level of service pay an additional fee, as described below.

When this higher level of service is presented in conjunction with currently available Online Advice and Professional Management in the workplace, the service levels may be referred to as Self Service (a.k.a. Online Advice), Management (a.k.a. Professional Management), and Personal Advisor (the additional level of service described above). For Personal Advisor, if selected, management of a workplace account is generally required, and the service is offered on a unified basis across all accounts under management. Personal Advisor generally charges a higher fee than Professional Management, as described further in Item 5. Personal Advisor may also require use of an FEA-designated custodian for management of non-plan assets. For clients who do not have access to Personal Advisor in the workplace, similar or comparable management of outside accounts may be available directly through FEA, as further described below in Section III below.

(e) Sub-Advisory Services

In addition to providing investment advisory and related services directly to clients under arrangements with employer-sponsored plans and plan sponsors, FEA also has arrangements with certain financial institutions to provide similar services on a sub-advisory basis. FEA or FEI may license certain technology and software, and provide other services to financial services firms to enable those firms to provide investment advisory and related services. For example, FEA and FEI may develop and host customized or private-labeled websites to enable a financial institution to make investment advisory and related services available to that institution’s clients. Depending on the particular arrangements with the financial institution, FEA may act as sub-advisor to the financial institution, or FEA or FEI may act as a technology vendor and the financial institution will be responsible for making investment recommendations to its clients.

III. ADVISORY SERVICES OFFERED DIRECTLY

Outside of the workplace, FEA can provide clients with investment advisory services for IRA and taxable accounts through one of more than 140 advisor center locations nationwide. These services include providing ongoing advice to a client and making and implementing investment decisions for a client based on the individual needs of that client. FEA will manage client accounts on a discretionary basis, and the management of those accounts is guided by the stated objective(s) of the client. These objectives may include, generally, growth, income, or a combination of these.

FEA will create a diversified investment portfolio of securities for each client that consists primarily of mutual funds and/or exchange-traded funds. In creating the portfolio, FEA utilizes primarily no-load and/or load-waived mutual funds, exchange-traded funds and/or cash equivalent products (which may be referred to collectively as “investment product(s)” or “securities”). Cash equivalent products may include mutual funds and/or exchange-traded funds, as well as Federal Deposit Insurance Corporation (“FDIC”) insured bank certificates of deposit. Investment products that represent various asset class categories will be purchased.

The funds and asset categories may vary from client to client. Portfolio weighting of mutual funds, and/or exchange-traded funds and asset categories will be based on each client’s individual needs and circumstances, which will be determined after FEA completes the review of information provided by the client on a questionnaire as well as other information provided by the client. Each client’s investment portfolio is created to meet the specific investment needs and objectives expressed by the client. Clients with similar investment needs and objectives may have investment portfolios where the investment products and asset categories utilized are similar, or identical, to investment portfolios for clients with similar, or identical needs and objectives.

The client may request restrictions on the types of investments that will be made on the client’s behalf. If FEA believes that these restrictions will limit its ability to provide its investment advisory services, because of administrative, operational or staff limitations, FEA may decline to provide the client with investment advisory services.

(a) <u>RELATED SERVICES</u>

FEA may provide other services to its clients on a direct basis. These services include the Retirement Paycheck service, Financial Planning, consulting and advisory services for retirement and pension plans. Investors who access services directly also may subscribe to Online Advice directly from FEA (as opposed to through an arrangement with a plan or plan sponsor). Information on these services is provided below.

<u>Retirement Paycheck® service</u>

The Retirement Paycheck service creates and manages a portfolio for clients with two main components: investment company securities (mutual funds and/or exchange-traded funds) and non-mutual fund fixed income investments. Subject to the terms and conditions of the service, the purpose of the service is to permit clients to request and receive a recurring payment of an amount specified by the client (subject to the amount of assets that individual clients maintain in the service).

Mutual funds may be in different asset categories and may include large cap growth, large cap value, small cap growth, international equity, fixed income and/or other categories of funds. Other fixed income investments may include FDIC insured bank certificates of deposit, securities issued by national or local governments or government agencies and highly rated fixed income and related debt securities issued by corporations. Each client's portfolio will be held by the client in the client's investment account opened and maintained by the client at the custodian designated by them.

Clients utilizing the Retirement Paycheck service will have individual investment portfolios and accounts. The portfolios will consist primarily of mutual funds and/or exchange-traded funds for the growth component, and other fixed income investments for the income protection component. Each client's investment portfolio in the growth component will be nearly identical to other clients' in the Retirement Paycheck service, meaning they will hold the same investment products in the same proportions. Each client's investment portfolio in the income protection component will be similar or the same as other clients' in the Retirement Paycheck service. That is, clients may hold the same investments, or if different investments are held, those investments will share identical or nearly identical quality ratings for safety and payment of any interest and principal. Minor differences among client portfolios may occur due to limited availability of a specific investment type, or because the clients commenced using the Retirement Paycheck service on different dates. There may also be some differences between portfolios of clients who reside in different states, as some investments may not be available in all every state. In such situations, a similar investment will be utilized for such clients. There may also be differences in the numbers of steps in clients' individual income protection investment ladders.

Clients of FEA who have elected to be placed in the Retirement Paycheck service authorize and direct FEA to provide portfolio management and to direct the investment and reinvestment of the client's assets. For the Retirement Paycheck service, the client can request restrictions on the types of investments that will be made on their behalf. However, a restriction request must be reviewed and accepted by FEA. If FEA believes a requested restriction will limit their ability to provide the Retirement Paycheck service FEA may decline to provide a client with the Retirement Paycheck service.

<u>Financial Planning and Plan Consulting</u>

FEA may provide clients with its Financial Planning service. Clients enrolled in this service receive a written financial plan which provides the client with a detailed financial plan designed to achieve their stated financial goals and objectives. This financial plan is provided after gathering information from and about the client through personal interviews and other means. The information gathered includes data on the client's current financial status, future goals, and attitudes toward risk. Any additional documents supplied by the client are reviewed; information may also be collected through a questionnaire as well. Should a client choose to implement the recommendations contained in the plan, the client should work closely with their attorney, accountant, insurance agent, and/or financial advisor to effectuate the plan after it is carefully considered. Implementation of financial plan recommendations is entirely at the client's discretion.

In general, the financial plan may address all or some of the following areas:

- *Personal considerations* - family records, budgeting, personal financial obligations, estate information and financial goals;
- *Tax considerations and cash flow* - income tax and spending analysis, planning for current and future cash flow needs, impact of various investments on a client's current and potential future tax liability;
- *Death and disability* - cash needs at death, income needs of surviving dependents, estate planning and disability income analysis;
- *Retirement* - analysis of current strategies and investment plans to help the client achieve their retirement goals; and
- *Investments* - analysis of existing and possible investments and their effect on the client's portfolio and goals.

FEA may, on an infrequent or occasional basis, provide clients with consulting services in limited areas for topics, assets, or investments not related to the services described above. Upon request, FEA may provide consultation and administrative services regarding the client's investment and financial concerns on assets not managed by it, including advice on non-securities matters, such as insurance or an annuity. Clients of FEA who request a term life insurance solution may be directed to an affiliate, TMFS Insurance Agency, LLC, to obtain term life insurance. Insurance is offered through TMFS Insurance Agency, LLC in states where the agency is licensed to offer insurance.

For certain smaller employee pension plans, FEA may provide certain advisory services directly to the plan. These services are offered through an investment advisor representative in one of the advisor center locations around the country.

A client agreement for services may be canceled at any time, by either party, for any reason, upon receipt of written notice. The client has the right to terminate an agreement without any cost or penalty within the five business days after entering into the agreement. Upon the termination of the service, any prepaid and unearned fees for Financial Planning and Consulting services will be refunded promptly, and any earned, unpaid fees will be due and payable. The fees for the Standard and Retirement Paycheck® services are billed in arrears, and are due and payable upon termination of the service(s).

Amount of discretionary and non-discretionary client assets that FEA manages

As of December 31, 2017, FEA managed approximately $169.4 billion in assets on a discretionary basis, including both Professional Management in the workplace and management of assets outside of the workplace. Because Online Advice does not constitute continuous and regular supervisory management, FEA did not manage any assets on a non-discretionary basis as of December 31, 2017.

ITEM 5 FEES AND COMPENSATION

FEA offers a range of advisory services intended to help clients with varying circumstances and needs. For individual clients, fees for Financial Engines' advisory services described below are generally based upon: (1) whether services are accessed through the workplace or directly; (2) the scope of services authorized by the applicable plan fiduciary for workplace-accessed services; and (3) the levels of service chosen by the client. For example, depending on which service and service level is available, a client may choose to have their IRA managed for a lower or higher fee, depending on the level of advisor guidance and interaction they desire; or may choose to use our Online Advice service, which may be available to a client through the workplace at no additional charge. Potential clients are encouraged to share information with Financial Engines that will enable us to help them determine and provide the appropriate level of service, including workplace services as available.

I. ADVISORY SERVICES OFFERED THROUGH THE WORKPLACE

Online Advice Fees

FEA's arrangements with a plan or plan sponsor to provide Online Advice to plan participants generally provide for FEA's fees to be paid by the plan, the plan sponsor or plan provider. Such fees range up to $25 per eligible plan participant per year, depending on the services provided. FEA and the plan, the plan sponsor, or the plan provider, may negotiate a different fee schedule based on other factors, including but not limited to, the amount of aggregate assets in the plan or the assets in client accounts, or a flat annual or other periodic fee. Payment schedules and the ability to obtain refunds for prepaid but unearned fees are a part of FEA's agreement with the plan sponsor or plan provider.

Neither FEA nor its supervised persons sell investments or receive commissions or compensation for the recommendations FEA makes in connection with Online Advice.

Professional Management Fees

Clients in Professional Management (which may include, as applicable, management of IRAs) pay FEA fees based on a percentage of the managed assets in their applicable account or accounts (up to 0.75%, generally declining for account balances greater than $100,000). Professional Management clients generally pay quarterly, in arrears, based on average assets under management at the end of each calendar month for the applicable quarter. Fees are deducted directly from client accounts. FEA does not bill clients and does not deduct the fees from clients' take-home pay. Alternatively, the plan sponsor may pay such fees in whole or in part.

The Professional Management fee schedule is subject to change, and FEA may offer certain clients discounted fees or other promotional pricing. Fee schedules may vary depending on the method of enrollment used for Professional Management.

Personal Advisor Fees

FEA workplace clients who opt for the Personal Advisor service pay a fee for the service, generally up to one hundred and twenty (120) basis points on assets under management (fees apply to both workplace and any outside accounts). Please note that a $900 minimum annual fee may apply for the Personal Advisor service. As applicable, this fee will be applied if the fees for aggregated assets do not result in a fee greater than $900 annually.

Sub-Advisory Fees

For services offered through the workplace, FEA may indirectly offer advisory services to clients or potential clients of certain financial institutions by arrangements with the financial institutions (for example, in connection with sub-advisory services as described above). FEA generally receives sub-advisory fees from financial institutions that are based upon investment advisory fees charged by the financial institution. The amount of the fee is subject to negotiation between FEA and the financial institution, and may be calculated based on the number of clients or potential clients eligible to receive FEA's services, the amount of assets in accounts of clients receiving FEA's services, flat annual or other periodic fees, or on another basis.

FEA and its supervised persons do not sell investments and do not receive commissions or compensation for the investment decisions FEA makes about the specific investment alternatives available within a plan.

II. ADVISORY SERVICES OFFERED DIRECTLY

Online Advice Fees

For individuals who subscribe to Online Advice directly from FEA, fees range from $39.95 per quarter or $149.95 per year to $300 per year, depending on the services provided, payable in advance by credit card. A fee schedule and procedures for obtaining a refund for prepaid but unearned fees or canceling a subscription before its expiration date are available by contacting FEA's Investor Services Center at 1-800-601-5957. The fee schedule is subject to change and FEA may offer certain clients discounted fees or other promotional pricing.

IRA and Taxable Account Fees

The annual fee charged for IRA and taxable account management is based on a percentage of the client's assets under management. The following schedule lists the fees that FEA will assess for these services. Unless waived, a minimum of $50,000 (fifty thousand dollars) in assets under management is normally required to begin to receive these services.

Assets	Annual Fees
$0-250,000	1.50% on the first $250,000
$250,001-500,000	1.30% on the next $250,000
$500,001-750,000	1.10% on the next $250,000
$750,001-1,000,000	1.00% on the next $250,000
$1,000,000-1,250,000	0.90% on the next $250,000
$1,250,000 +	0.90% flat, on the entire amount managed

The fees will not exceed the scheduled percentages and rates, and may be lower in some negotiated instances. Instances where a fee may be lower than the percentages listed could include, without limitation, a client bringing additional assets into the account at some future date or a client who has a family member, relative or other interested person who is or becomes a client of FEA, or a client that has access to services in the workplace and requests an additional or higher level of service directly. There may be instances where limited promotional offers are made – which may include a lower fee amount or other item of value – to clients who engage FEA to manage assets that it did not previously manage.

We calculate and assess our fee on a calendar quarter basis. Fees are calculated and billed in arrears at the end of each calendar quarter, based upon the period's month-end values (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance) on that amount of the client's investments that FEA is managing during the preceding quarter. The fee is typically withdrawn from the client's account (or accounts) maintained at the custodian within seven business days from the end of the billing quarter.

A client authorizes the fee withdrawal when they complete account opening paperwork provided by the custodian. Fee billings for Financial Planning and Consulting are discussed below in the Fee section for those services, which are offered and provided on an infrequent basis.

The fees withdrawn, including the dates and amounts, will be reflected on the quarterly statements clients will receive from the custodian. Clients should review those statements and the fees withdrawn. Any questions on the fees withdrawn from a client's account(s) may be directed to either FEA or the custodian.

Fees are prorated for new client accounts opened during the billing quarter, and for deposits and withdrawals made during the billing quarter if the in (or out) flows are $50,000 or greater on any given day during that billing quarter. However, no proration occurs for smaller contributions or withdrawals that a client makes prior to the end of the quarter.

Fees for Financial Planning, Consulting and Retirement and Pension Plans

Financial Planning Fees: If a retail or other non-workplace client requests financial planning services that exceed planning services normally available or provided to other clients, a flat fee may be assessed, with a minimum fee of $500.00, and a maximum fee of $2,000.00. All fees will be agreed upon prior to entering into a financial planning agreement, which will note the fee amount with any client.

Consulting Fees: Fees for specific administrative and consulting services will be billed at an hourly rate of $150.00 per hour, upon mutual agreement with the client, and shall be due and payable as earned.

Retirement and Pension Plan(s) Fees: Fees for investment advisory services provided to Retirement and Pension and other ERISA plans will not exceed the fees referenced above for IRA and taxable account management, and may be lower than the listed rates. Such fees will be determined through discussion and agreement between FEA and the plan. The fee negotiated will be noted in the written investment management agreement between FEA and the plan. Fees will be withdrawn or billed as described in the investment management agreement.

Pension and Retirement Plan advisory fees are calculated and billed quarterly, in arrears. We calculate and assess our fee on a calendar quarter basis if such is the billing fee standard utilized by the plan's custodian or record-keeper. Subsequent billings will occur every calendar quarter end after that initial assessment. The amount of the assessed fee is provided to the plan's sponsor, trustee or other designee. The fee collection will occur as specified by the plan's sponsor or trustee, e.g., directly from the plan or directly from the sponsor.

III. Fees for Institutional Services

FEA or FEI may charge certain retirement plans, plan sponsors, plan providers, financial institutions or others one-time or regular licensing, set-up, integration or development fees in connection with the provision of FEA's or FEI's services. For example, certain retirement plans, plan sponsors or plan providers may pay fees relating to the modeling of specific plan or investment characteristics, and certain institutions may pay fees relating to the development or maintenance of software or other technology used in providing the services. FEA or FEI may charge additional fees for technical or maintenance services, including telephone or e-mail support, investment guidance, and education, subject to negotiation based upon the nature and extent of the services.

IV. Additional Fee Information

The following fees that are unrelated to FEA may impact client accounts.

Mutual Fund Fees. All fees paid to FEA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange-traded funds to their shareholders. A fund's fees and expenses are described in the fund's prospectus. These fees will generally include a management fee, which mutual fund and/or exchange-traded fund managers generally charge the fund for their services as investment managers, other fund expenses, and sometimes a distribution fee, also known as a 12b-1 fee. Some funds may impose sales charges, either as an initial or deferred sales charge; these are also known as front-end or back-end loads. If FEA purchases any of those funds for a client, those funds will usually (if not always) be purchased on a load-waived basis, so the client will not incur this front-end or back-end load.

Some mutual funds and/or exchange-traded funds that are redeemed within 90 days of purchase, or some other time frame, such as 10 days or 180 days, may impose a short-term redemption fee. This fee is usually 1% - 2% of the sale amount. These fees are imposed by funds to minimize market timing and excessive trading that impair the value of the fund for long-term shareholders. Other fees could be charged by the fund company. Please see the fund's prospectus for full details. FEA does not receive any portion of the short-term redemption fee, any portion of the 12b-1 fee, or any portion of any other fee charged by the mutual fund and/or exchange-traded fund.

Performance figures quoted by mutual fund and/or exchange-traded fund companies in various publications are after their fees have been deducted.

Clients should review both the fees charged by the funds and the fees charged by FEA to understand the total amount of fees paid by the client. A client could invest directly in many of the investment products recommended by FEA without its assistance or services. In that case, the client would not receive services from FEA designed - among other things - to assist in determining which mutual funds and/or exchange-traded funds are more appropriate to that client's financial condition and objectives, nor would the client benefit from the ongoing mutual fund and/or exchange-traded fund research and monitoring performed by FEA.

Custodial Fees. The custodian for a client's account may receive administrative service fees, management fees and 12b-1 fees from some mutual fund and/or exchange-traded fund companies for some of the funds that are owned by clients and held in clients' account at the custodian. FEA does not receive these fees and the custodian does not give any portion of these fees to FEA.

Brokerage Fees. Clients may incur other fees, both directly and indirectly, which are paid to the custodian. These fees include commissions paid on certain stock and bond trades, if any, as well as transaction fees on certain mutual fund and/or exchange-traded fund purchases or sales. Transaction fees are often assessed on those funds that do not pay or limit payment of fees, such as administrative service and 12b-1 fees. Additionally, the custodian may assess fees or receive fees and payments on other services it offers.

Retirement and Pension Plan Fees. Retirement and pension plans, for which FEA is the investment adviser, may pay fees to the custodian of the plan's assets, or to the record-keeper of the plan, if different than the custodian. FEA does not receive any portion of those fees.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

FEA does not charge any performance-based fees (that is, fees based on a share of the capital gains or capital appreciation of the assets in a participant's plan, investment performance or other incentive arrangements). FEA charges fees, including fees for Online Advice, Professional Management, and IRA/taxable account management, solely as described above. FEA does not compensate its supervised persons with performance-based fees.

Given the above, FEA does not have any conflicts of interest that might arise from charging fees calculated on varying bases for various client accounts.

ITEM 7 TYPES OF CLIENTS

FEA offers its services (including investment advice, investment management, guidance and investment education) primarily to participants in employer-sponsored defined contribution plans, through its Professional Management and Online Advice services. Retail clients and trusts, estates, pension, retirement and profit sharing plans, charitable organizations and other business entities also may receive services from FEA.

Generally, for processing purposes, FEA may require defined contribution plan participants to have and maintain a nominal account balance prior to FEA's initiation of transactions in, and ongoing servicing of, the workplace plan account. For IRA account management through the workplace, certain account minimums may apply. This also applies when such services are accessed directly.

Certain plan sponsor "insiders," as defined under applicable regulations, and non-U.S. participants, may not be eligible for FEA's Professional Management program.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methodology Overview

FEA's recommended or managed portfolio allocations are driven by the following key factors:

- Client investment objectives (i.e., growth, income or a combination)
- Client risk tolerance
- Client circumstances (time horizon, pensions, other household investments, etc.)
- Available investment securities within client accounts
- Forward-looking models of securities' risk, expected returns, and correlations

Depending on the specific situation, investment securities receiving specific buy and sell recommendations include mutual funds, commingled funds, separate accounts, exchange-traded funds, individual equities, and certificates of deposit. FEA uses a number of different methods to model the risk and return properties of these investments, including returns-based style analysis, compositional analysis, and qualitative review of fund managers. Assessments of forward-looking returns incorporate information on expenses, turnover, and risk-adjusted manager performance. For investments held in taxable accounts, FEA also analyzes the tax efficiency of those investments.

Although FEA may recommend trading or short-term purchases depending on market conditions, changes in individual preferences and other criteria, it is generally anticipated that the dominant mode of advice will recommend long-term purchases. Reasons for reallocations may include:

- Client-driven – Changes in client objectives, preferences or data may necessitate a revised target allocation.
- Rebalancing – When an asset category or particular investment product has experienced a material appreciation or decline in value, beyond the assigned percentage for that asset category or investment product in comparison to other asset classes or investment products, the extra amount may be sold, and the proceeds invested in asset categories or investment products that have not appreciated as much, or have declined in percentage.
- Updated assessment of forward-looking returns, risks, and correlations – FEA regularly updates its risk and return models, which may affect its assessment of prospects at the

level of macroeconomic factors, asset classes, and/or individual investments. These updates may in turn lead to revised target allocations in client accounts.

Consistent with its fiduciary duties, FEA's policy is to exercise high levels of care and prudence in making and implementing investment decisions for client accounts. FEA typically employs validation tests and operational, oversight and quality control procedures. However, FEA relies on a significant amount of data from multiple sources and cannot guarantee that all relevant data are free from error. Certain data are regularly presented to clients who are responsible for informing FEA of any inaccuracies in a timely way.

Application of Methodology for Services through the Workplace

For participants who have selected a growth objective, the advice platform generates a recommended portfolio allocation that is generally designed to maximize expected returns in light of the client's risk level. For participants who have selected an income objective, where available, the advice platform generates a portfolio designed to provide steady payouts in retirement.

Due to the statistical nature of FEA's process, a number of potential portfolios will satisfy its criteria for an appropriate investment strategy and allocation. This optimal set of portfolios that offer the highest expected return for various levels of risk is often referred to as the "efficient frontier." The efficient frontier is not a line, but instead is a thin band of portfolios with varying allocations. The portfolio that is selected for implementation is the product of optimization enhancements developed by FEA, which take into account, among other factors, portfolio turnover, concentration, risk and expected return, number of positions and transactions.

The universe of available investment alternatives may be designated by the plan sponsor or other plan fiduciary (in the case of a defined contribution plan account), by a financial institution, or by the client. Investments or securities not available in such defined universes may have characteristics similar or superior to those available investment alternatives being analyzed. Except in connection with its IRA management, FEA has no authority or responsibility to select the universe of investment alternatives available for client accounts, nor does FEA have the authority or responsibility to monitor investment choices for the continued appropriateness for inclusion in the universe, or to monitor the adequacy of the universe as a whole.

Application of Methodology for Services Offered Directly

FEA provides clients with two primary asset management services: the standard service and the Retirement Paycheck service. The investment products recommended for both services are usually actively and/or passively managed mutual funds and/or exchange-traded funds. For the Retirement Paycheck service, fixed income investments are also recommended, and may include highly rated bonds, FDIC insured certificates of deposit and U.S. government issued or guaranteed securities.

While FEA can and may provide investment recommendations on other securities, including equity securities, U.S. government securities, corporate and municipal bonds and variable life insurance and annuities, its focus is on mutual funds and/or exchange-traded funds.

On a very occasional or isolated basis, FEA may advise a client, upon request of the client, on other strategies, including stock or bond trading, margin transactions, option writing and short sales.

Risk of Loss

All investments, including mutual funds and/or exchange-traded funds, have certain risks. These risks include the risk of loss of principal. This is a risk borne by the client. FEA constructs portfolios with allocations across several asset categories. This diversification is intended to reduce the volatility in clients' investment portfolios when compared to a single asset category, such as large cap growth stocks or small cap value stocks. While a diversified investment portfolio, including a portfolio of investment products representing different asset categories, can mitigate some risks, it does not and cannot prevent loss.

Below are some of the common factors that can produce a loss in a client's account and/or in a specific investment product, asset category or even in all asset categories –

- Market Risk: The price of a security, bond, or mutual fund and/or exchange-traded fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter the economic environment.
- Category or Style Risk: During various periods of time, one category or style may underperform or outperform other categories and styles.
- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values, and the market value of any mutual fund and/or exchange-traded fund holding those bonds, to decline.
- Inflation Risk: When any type of inflation is present, purchasing power may be eroding at the rate of inflation.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This relates primarily to fixed income securities.
- Exchange-traded funds: Exchange-traded funds present market and liquidity risks, as they are listed on a public securities exchange and are purchased and sold via the exchange at the listed price, which price will vary based on current market conditions and may deviate from the net asset value of the exchange-traded fund's underlying portfolio.

ITEM 9 DISCIPLINARY INFORMATION

None of FEA, any of its management persons or FEI has been involved in a legal or disciplinary event within the last ten years that is deemed material to an existing client or prospect's evaluation of FEA's advisory business or the integrity of FEA's management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither FEA nor any of its management persons are a registered broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or a registered representative of these entities, nor do they have any applications pending to register as such entities or as representatives of the same.

As a wholly owned subsidiary of FEI, FEA is under common ownership with Smart 401k, which is a registered investment adviser that provides independent investment recommendations for employer sponsored retirement plans. Neither FEA nor Smart 401k sell or distribute proprietary investment products, receive product commissions or assess sales charges. FEI is also the indirect owner of TMFS Insurance Agency, LLC, which is an insurance agency licensed to do business in most states. FEA does not believe that these related person affiliations create a material conflict of interest for FEA's current or prospective clients.

FEA may reimburse or compensate certain plan providers for maintaining secure communications links between the plan provider's information systems and FEA's systems for the purpose of facilitating the provision of FEA's services to FEA's clients who are plan participants. If applicable, FEA also may reimburse or compensate certain plan providers for coordinating FEA's activities with certain plan sponsors with whom the plan provider has a service agreement, who may be interested in providing FEA's services to participants. The amount of the reimbursement is generally a percentage of the advisory fees FEA receives in connection with the provision of advisory services to clients using the communications links, and may vary among plan providers based upon, without limitation, respective roles and responsibilities among the parties and systems' capabilities and/or constraints. The connectivity arrangement and the communications link between a plan provider and FEA do not constitute an endorsement, sponsorship or solicitation by the plan provider of FEA or its services. Plan participant clients receiving FEA's advisory services pursuant to such an arrangement with a plan provider will not be charged any additional fee for the data connectivity arrangement.

In addition to its investment advisory business, FEA may offer technical computer and software set-up and support services on a fee basis that is not deemed to be investment advice. FEA may also provide education and other investment-related services that are separate from its investment advisory services. FEA's time spent on these activities is incidental to its investment advisory business.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

FEA has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 of the Investment Advisers Act of 1940. The Code establishes and reinforces a standard of business conduct that is expected of persons associated with FEA, and provides specific guidance related to avoiding actual or apparent conflicts of interest. The Code emphasizes certain governing principles that FEA personnel should always be mindful of in the course of their work for FEA, including the duty at all times to place the interests of FEA clients first, the protection of material non-public information and the obligation to report violations. Persons designated as Access Persons under the Code are subject to additional, specific requirements with respect to their personal securities transactions, including the disclosure of all securities holdings on an annual basis, certain reporting on a transactional and quarterly basis and prior approval of transactions for certain designated securities and offerings.

FEA maintains procedures for distribution and acknowledgement of the Code to all FEA personnel, and provides education on its content and requirements. Upon request, FEA will provide a copy of the Code to clients and prospective clients. To request a copy of the Code, please call 1-800-601-5957, or write to FEA at 1050 Enterprise Way, 3rd Floor, Sunnyvale, California 94089, Attention: Compliance.

FEA, its officers and employees may purchase securities for their own accounts that may, in certain instances, be the same securities as those recommended to clients, such as shares of certain exchange-traded funds. In the course of providing its advisory services, FEA does not select the investment alternatives available to clients within their plans or publish any recommended list of securities.

Also, from time to time, FEA may provide investment recommendations with respect to mutual funds that hold the equity securities of FEI, FEA's parent company. In providing its services, FEA does not give consideration to whether or not a fund has exposure to FEI's equity securities, and any modeling of such funds or equity securities will be in accordance with FEA's standard methodology of modeling individual securities.

ITEM 12 BROKERAGE PRACTICES

Research and Other Soft Dollar Benefits

As a policy and practice, FEA does not have any arrangements to utilize research, research-related products and/or other services obtained from broker-dealers or third parties on a soft-dollar commission basis.

For non-workplace accounts, FEA annually reviews a sample selection of trades made in clients' accounts at the recommended brokerage and custodian. The review is to verify that trades were executed at the appropriate market price, and that any trading fees or other charges did not exceed the custodian's printed fee and expense schedule.

Directed Brokerage

FEA generally does not have the authority to select broker/dealers to effect trades or determine commissions paid. In addition, FEA does not enter into directed brokerage arrangements with clients, engage in agency cross transactions or make any principal trades for advisory clients.

Order Aggregation for Services Offered Directly

FEA utilizes investment products consisting primarily of mutual funds and/or exchange-traded funds, as the types of investment securities in its client portfolios. Clients' mutual fund trades are not aggregated. This means that when a mutual fund is purchased or sold in a client's account, that transaction request is forwarded to the executing broker as a stand-alone transaction request.

Clients' portfolios may include exchange-traded funds. Unlike mutual funds, which are typically purchased and redeemed at a price derived daily from the net asset value of the fund's underlying portfolio, exchange-traded funds are listed on a public securities exchange, and are purchased and sold via the exchange at the listed price, which price will vary based on current market conditions and may frequently deviate from the net asset value of the exchange-traded fund's underlying portfolio. In order to participate in an investment program implemented by FEA that includes any exchange-traded funds, a client will be required to permit FEA to provide the portfolio with centralized trading services (arranging trades for the client account in connection with initial portfolio construction, periodic portfolio rebalancing and revisions to asset allocation models, each as recommended by FEA) to help ensure that purchases and sales of exchange-traded funds are arranged and executed in a manner that is fair to all applicable clients. In connection with these centralized trading services, FEA may aggregate the purchase and sale of any exchange-traded funds by processing a single trade order aggregating the quantity of exchange-traded fund shares necessary to meet the objectives for multiple clients, instead of processing a series of similar securities transactions for each client. Accordingly, at the time of any such transactions, FEA will determine the amount of securities it must purchase or sell to meet the clients' objectives, and divide the securities purchased or the proceeds from any securities sold into proportional pieces for each applicable client.

Clients will not incur additional transaction costs related to the aggregation of transactions, and each client will pay the same purchase price or, if applicable, receive the same sale price for transactions in the same security. In cases where more than one transaction may be necessary to obtain or liquidate the aggregated quantity of securities, each client will pay a purchase or receive a sale price, as applicable, reflecting the average price paid or received with respect to all such transactions.

The Retirement Paycheck service will aggregate purchases, and any sales, of investments in the income protection component, which primarily utilizes fixed income investments. These may include FDIC insured bank certificates of deposit, securities issued by national or local governments or government agencies, and highly rated fixed income and related debt securities issued by corporations. When income protection component purchases are made, FEA will determine the amount of investments needed for all Retirement Paycheck service clients for each investment step in their income protection ladder. FEA will then make purchase requests for the investment(s) for that step, and divide the purchase or purchases into proportional pieces for each client. Clients will not incur additional transaction costs related to the aggregation of transactions, and each client will pay the same purchase price or, if applicable, receive the same sale price for transactions in the same security. Most transactions will likely be effected through our recommended brokers, but FEA may utilize other appropriately qualified brokerages for these purchases if the securities and prices are more advantageous than available through our recommended brokers. If such occurs, any security will be forwarded by that brokerage to our recommended brokers, for deposit into the clients' accounts.

A specific investment selected by FEA might not be available to all Retirement Paycheck service clients, either because the security is not available for sale to residents of some states or because there is not enough of the security available for purchase to meet the demand in that step of the income protection ladder. When there are limitations specific to the residents of some states, FEA will shop separately for those clients and purchase a security that is available for sale to them. If there is insufficient supply, FEA will identify two or more securities for purchase to fulfill the ladder step for all clients, and if those securities have differences in the interest yield, FEA will use a randomized selection method to select clients' accounts to receive the highest yielding, then the second highest yield, etc., until all clients have been invested.

Cost Basis Tax Reporting

For services offered directly, outside of workplace accounts, all custodians are required to report details of clients' gains or losses to clients and to the Internal Revenue Service ("IRS") on Form 1099-B, for those accounts that have an IRS reporting requirement. Unless notified in writing by a client, FEA will instruct custodians to sell lots of a security with the objective of taking losses first (short term then long term, taking in both instances the greatest loss to the least loss) and gains last (long term then short term, taking in both instances the least gain to the greatest gain).

Clients are solely responsible for any tax liabilities associated with their accounts, and for contacting their personal tax advisors to determine if this accounting method is the right choice for them. If clients believe another accounting method is more advantageous for their accounts, clients may provide written notice to FEA and we will alert the client's custodian of the client's selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

ITEM 13 REVIEW OF ACCOUNTS

Online Advice

FEA's Online Advice service allows FEA clients to review their accounts on demand. Online Advice clients also have the ability to generate their own reports as frequently as they choose. **It is the responsibility of FEA clients to review and update their accounts in Online Advice to adjust for changes in the investments they own. FEA clients should also review and update their accounts should significant changes occur in their personal circumstances.** FEA may from time to time provide e-mail notifications to clients who elect to receive such messages, concerning changes in the value of the clients' investments, chances of reaching the clients' goals, or other Online Advice account-related information.

Discretionary Management

For clients enrolled in Professional Management and/or IRA management through the workplace, FEA generally conducts account reviews monthly. The account review process begins with an automated analysis of the account, which generates a retirement plan and proposed adjustments, if applicable, to the allocation target. FEA's Portfolio Management team compares the proposed allocation target with the current portfolio and previous activity to detect variances in certain factors (such as turnover and concentrations) and determines whether transactions are desirable in the current period. Variances outside of predetermined tolerances may prompt additional review and adjustments by the Portfolio Management team. Additional review may also be triggered by market events or information provided by Professional Management members or IRA clients related to assets held in outside accounts that may impact the management of the account(s). Certain changes to investment preferences, such as risk level, retirement age, or limitations regarding company stock, can also trigger additional review. FEA's Portfolio Management team conducts these reviews under the supervision of FEA's Investment Committee.

All discretionary management clients in the workplace will receive printed or electronic quarterly Retirement Updates, which generally include information concerning account holdings and balances.

Advisory Services Offered Directly

The investment products recommended to clients are reviewed by members of the Investment Management team. The review considers the investment products' performance to measurement standards utilized by FEA, as well as the asset allocation models recommended by the Investment Management team. The investment products are reviewed on an ongoing basis, and the asset allocation models are reviewed quarterly or when significant changes to economic and market conditions have occurred or are occurring.

FEA investment advisor representatives are directed to review clients' investment account(s). The trading department is periodically directed to perform an analysis of selected clients' accounts, to determine if market movements or other changes have produced a deviation from the clients' designated investment models. If clients experience or anticipate changes in their personal situation, such as tolerance for risk, investment objectives or time horizon, clients are urged to contact FEA to report those changes, so FEA and client can assess whether changes to the client's investment account(s) should be made.

Regular Reports

Standard service and Retirement Paycheck® service clients will receive monthly or quarterly statements from the custodian in addition to confirmations of transactions in their accounts at the custodian. Additionally, FEA will provide clients with quarterly reports about their investment portfolio, including a listing of the holdings and recent investment performance information.

Financial Planning/Consulting clients will not receive regular reports from FEA.

Retirement and pension plan clients will receive periodic written reports (scheduled frequency to be determined jointly by plan and FEA) describing the recent performance of investments available in the plan.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

FEA offers Online Advice to plan participants in certain retirement plans by arrangement with the plan, plan sponsor or plan provider. Certain of these arrangements provide for FEA's fees to be paid by the plan, the plan sponsor or the plan provider. The amount of the fee is subject to negotiation with the plan sponsor or plan provider and may be calculated based on the number of individuals eligible to participate in the plan, the amount of aggregate assets in the plan or assets in client accounts, or a flat annual or other periodic fee.

Referrals

FEA compensates certain third-party (non-affiliated) entities or institutions for referrals. FEA also compensates affiliated persons for referrals. Compensation for client referrals is generally paid out of client fees paid to FEA. FEA will not charge a client more fees or expenses, beyond the fees and rates noted in the standard Fee Schedule, which is detailed in this Form ADV.

Each client for which FEA pays a referral fee should receive, and agree to, disclosures setting forth the nature of activities conducted by the referral entity, institution or person (solicitor), the nature of the fees paid by FEA, whether FEA is affiliated with the solicitor and any other terms which may be important to a client or prospective client's investment decision.
In instances where FEA utilizes a non-affiliated solicitor, the solicitor's role is exclusively limited to that of a solicitor and is not an agent, representative or employee of FEA, and does not provide investment-related advice on behalf of FEA. The solicitor has agreed to act in accordance with FEA's instructions and will not make any specific recommendations of securities or any other type of investment. Only FEA will make any specific recommendations to a client of FEA.

FEA may also pay for advertising services on digital or other platforms. The advertising fees are not connected to any client fees or services offered by FEA. Separately, supervised persons of FEA that are employees of Financial Engines who work in FEA's National Advisor Center may receive referral or other fees based on client engagement with our services.

Other Compensation

FEA has entered into a marketing support agreement with Charles Schwab & Co., Inc. for which FEA receives payment from Schwab each calendar quarter. This money reduces Financial Engines' expenses associated with client acquisition efforts by Financial Engines. In addition to benefiting Financial Engines, Schwab will benefit indirectly from those efforts through the continued recommendation of Schwab to serve as a custodian of client non-workplace accounts. Financial Engines clients are not required to select Schwab as their custodian in order to receive Financial Engines services generally, but are currently required to select Schwab as custodian in order to receive the Personal Advisor level of service in the manner intended. Because Financial Engines receives an economic benefit, Financial Engines has a potential conflict of interest if it recommends or requires that clients use Schwab as custodian. Financial Engines clients are not charged a different or additional fee based on their custodial selection, and such agreement does not have any impact on the investments chosen for clients' managed accounts. In addition, such agreement does not require the maintenance of any specified number of accounts or level of assets under management in Schwab accounts.

Benefits Received by Financial Engines – Services Accessed Directly

Unrelated to its services in the workplace, if a client accesses FEA services directly, and the client selects Charles Schwab & Co., Inc. ("Schwab") as custodian, its business unit Schwab Advisor Services provides certain services to FEA. These services include access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services, some of which help us manage or administer our clients' accounts, while others help us manage and grow our business. FEA does not charge clients a different advisory fee based on the client's selection of custodian.

Schwab Services That May Benefit Clients: Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a higher minimum initial investment by our clients.

Schwab Services That May Not Directly Benefit Clients: Schwab makes available to us other products and services that benefit FEA, but may not directly benefit clients or client accounts. These products and services assist FEA in managing and administering our clients' accounts, and include software and other technology that: provide access to client account data; facilitate trade execution in individual clients' accounts as well as aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of fees from clients' account; and assist with back-office functions, recordkeeping, and client reporting.

Schwab Services That Generally Benefit Only FEA: Schwab offers other services intended to help FEA manage and further develop our business enterprise. These services include: software and information technology programming; educational conferences and events; consulting on technology and business needs; and publications and conferences on practice management and business succession. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to FEA. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide FEA with other benefits, such as occasional business entertainment of our personnel.

FEA's Interest in Schwab's Services: Schwab normally charges a fee to registered investment advisers for the services described above, but because FEA has clients whose assets in accounts at Schwab total more than $10,000,000, the Schwab quarterly service fee of $1,200 is not charged to FEA. The availability of these services from Schwab, especially the support for software and information technology programming, benefits FEA because we do not have to produce or purchase them.

We believe that FEA's selection of Schwab as a recommended custodian and broker is in the best interest of our clients. We perform an annual review of Schwab's custodial and trade execution services, as well as that of the other recommended custodians, to verify the quality of those services and that the fees paid by clients are comparable to similar custodians and brokerages.

If the client utilizes National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity Investments") as custodian, Fidelity Investments does provide FEA a waiver of quarterly fees once a certain asset threshold is met.

ITEM 15 CUSTODY

For its advisory services, FEA does not maintain either possession or custody of client assets. Where applicable for accounts outside of the workplace, client assets are held at a custodian in accounts that are registered in the name of the client. FEA does not maintain possession or actual custody of client assets.[1]

Clients will receive account statements directly from the custodian at least quarterly, which will reflect the withdrawal of any fee. These statements will be sent to the email or postal address the client provided to the custodian. Clients should carefully review these statements.

ITEM 16 INVESTMENT DISCRETION

[1] FEA is deemed to have custody of assets under the applicable Advisers Act rule for clients who have authorized us to deduct our advisory fees from the clients account, or who have granted us the limited power to transmit funds to one or more third parties as specifically designated by the client through a Standing Letter of Authorization. In such situations the custodian maintains actual possession of the clients' assets.

FEA accepts discretionary authority to manage assets on behalf of clients who enter into an agreement for any of FEA's investment advice or management services except Online Advice, as described above. Clients who utilize the Online Advice service are responsible for executing their own transactions. A client's acceptance of the Professional Management Terms and Conditions or the applicable advisory agreement for other services grants FEA discretionary authority over the client's account. Clients may provide additional information to FEA concerning:

- investment preferences;
- risk tolerance;
- other assets; and
- desired retirement age.

Discretionary trading authority permits FEA to make trades in client accounts on their behalf, so that we may promptly implement the investment plan that we created for clients, and make ongoing changes as we believe appropriate. Those changes may include periodic rebalancing of asset classes when one or more asset classes have significantly increased or decreased in value.

If applicable, Professional Management clients may communicate to FEA a desired allocation for the stock of the plan sponsor that may be held in the workplace retirement account, subject to the program's management parameters and processes. Where available, and subject to FEA's investment methodology, Professional Management clients may place short-term (12 months) limitations on a single asset class in their account. Clients have the option to renew the limitation for an additional 12 months.

Consistent with its fiduciary duties, FEA's policy is to exercise high levels of care and prudence in making and implementing investment decisions for client accounts. FEA typically employs validation tests and operational, oversight, and quality control procedures. However, FEA relies on a significant amount of data from multiple sources and cannot guarantee that all relevant data are free from error. **Certain data are regularly presented to Professional Management members and IRA Services clients who are responsible for informing FEA of any inaccuracies on a timely basis.**

Under FEA's policy addressing trade errors, a trade error is generally defined as:

- certain erroneous enrollment or un-enrollment actions; or
- a transaction where the resulting portfolio violates FEA's investment policy, prudence and suitability requirements or certain client preferences (i.e., an inappropriate portfolio); or
- failing to implement or incorrect implementation of a client-elected feature that reflects a particular investment option;

each to the extent directly attributable to FEA's failure to exercise reasonable care.

To the extent that trade errors occur, FEA's policy is to promptly investigate and correct such errors without disadvantaging its clients, seeking a fair and appropriate resolution, taking into account the surrounding facts and circumstances. FEA has adopted trade error resolution guidelines to direct the resolution of such errors, based on an assessment using then current system codes, parameters and data.

Under the guidelines, generally, FEA will determine whether a portfolio resulting from a trade error is inappropriate by reviewing: (a) the difference between the expected annual returns of the client's actual portfolio and the portfolio target; and (b) the absolute difference in expected standard deviation of the client's actual portfolio and the portfolio target, for the purpose of assessing portfolio risk. For Professional Management or Personal Advisor clients within a transition period, a portfolio generally is deemed inappropriate if the risk level of the transition portfolio falls outside of the bounds defined by the client's initial portfolio risk level and the target portfolio risk level.

Where it is determined that FEA caused a trade error, as defined above, the client will be reimbursed by FEA for losses directly attributable to FEA's error, if not de minimis (less than or equal to $25), and to the extent disadvantaged by an inappropriate portfolio. In determining the extent disadvantaged and the reimbursement amount, FEA generally will determine a reasonable reference portfolio that reflects the correction of conditions leading to the trade error, and compare the returns of that reference portfolio to the estimated returns of the member's actual portfolio reflecting the trade error. FEA will correct other errors on a prospective basis.

<u>Advisory Services Offered Directly – Error Correction</u>

FEA may on occasion make an error in submitting a trade order on a client's behalf. If such occurs, a correcting trade or adjustment will be made at no expense to the client. If an investment gain is realized in the client's account, the client may retain such unless such is not permissible by the custodian or client declines such. If the client declines a gain, and the gain is over a certain amount, the custodian may donate the amount of the gain to a charity. Additionally, the custodian may retain gains of less than $100.00, and not retained by the client, and will fund reimbursement to the client of trade error loss of less than $100.00, while FEA is responsible for funding reimbursement amounts greater than $100.00. Please contact FEA for additional information on how trade errors are handled by FEA and the custodians utilized by clients.

ITEM 17 VOTING CLIENT SECURITIES

FEA does not have responsibility for voting proxies relating to securities held in Professional Management clients' accounts, and in accounts held as part of the Personal Advisor level of service. Clients will receive any proxies or other solicitations directly from their provider or applicable custodian. FEA does not have the legal authority or any responsibility for initiating, taking, advising on, or responding to any action with respect to potential or existing class action litigation, bankruptcy or any other proceeding involving any security held in clients' accounts.

For taxable, IRA and other accounts managed through the retail channel, FEA will receive proxies for both mutual funds and other securities held in custody in client accounts maintained at the custodian, if the client has indicated to the custodian that proxies should be forwarded to FEA. FEA maintains a written policy regarding the standards considered when determining how a proxy will be voted for a security it has recommended. A copy of the policy will be provided upon request. Clients may request voting records for a specific proxy by sending FEA a written request noting the name of the recommended investment product and the approximate date of the proxy.

Conflicts of Interest: FEA will only vote the proxies for those securities it has recommended. It is not anticipated that conflicts between the interests of FEA and the interests of its clients will occur. This is because mutual funds and/or exchange-traded funds (almost always) hold multiple securities, and because FEA does not provide investment advisory services to any mutual fund and/or exchange-traded fund or investment company, nor is there a financial or ownership interest in any investment adviser that offers or manages a mutual fund and/or exchange-traded fund security. Additionally, FEA does not receive sales loads, fees or other compensation from recommending or using mutual funds and/or exchange-traded funds in its clients' accounts.

ITEM 18 FINANCIAL INFORMATION

FEA has discretionary authority over client securities for its services, other than Online Advice. FEA does not have access to client funds, nor does it require or solicit prepayment of more than $1,200 in fees from clients six (6) months or more in advance.

FEA does not believe that its financial condition would reasonably be likely to impair its ability to meet its contractual commitments to its clients.

ITEM 19 ADDITIONAL INFORMATION

Business Continuity; Cyber Security

FEA has a business continuity plan that provides for meeting the goal of recovering its critical business functions in the event of a disaster. Critical business functions include: communicating with clients; managing and trading client investment portfolios; performing investment research and analysis; accessing key network-based files; and regulatory reporting. Generally speaking, and depending upon the nature and severity of the disaster, some portion of FEA's critical and internet-based business applications may be made available within the first four (4) hours following an event, with other critical functions made available within seventy-two (72) hours. Other important, but not critical, business applications will be made available as soon as practicable thereafter.

Operational Risk. FEA and its service providers may be negatively impacted due to operational risks arising from, among other matters, systems and technology disruptions or failures, or cyber incidents. The occurrence of any of these matters could result in a loss of information, regulatory scrutiny, reputational damage and other consequences, any of which could have a material adverse effect on FEA and its clients. FEA, through its monitoring and oversight of third party service providers, endeavors to determine that service providers take appropriate precautions to avoid and mitigate risks that could lead to such problems. However, it is not possible for FEA or its service providers to identify all of the operational risks that may affect clients, or to develop processes and controls to completely eliminate or mitigate their occurrence of effects.

Cyber Security Risk. With the increased use of technologies such as the internet to conduct business, FEA continues to focus on potential operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events.

Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Cyber incidents affecting FEA or its service providers have the potential to cause disruptions and impact business operations, potentially resulting in financial losses, interference with or impediments to trading, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which a portfolio invests, counterparties with which FEA engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for FEA's clients) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future.

FEA maintains a Critical Incident Response plan, managed by the Crisis Management Team ("CMT"). The CMT's role is to lead all aspects of a crisis management response, ensuring a quick, organized and effective response to computer-related and physical breach incidents. The CMT's mission is to prevent a serious loss of information, information assets, property, and customer confidence by providing an immediate, effective and informed response to any event involving FEA's information systems, networks or workplace. The CMT is led by a senior FEA executive, and includes representation from a broad cross-section of functional business units within FEA.

While FEA and its critical service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Furthermore, FEA cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect FEA or its clients. FEA and its clients could be negatively impacted as a result.

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Chief Compliance Officer: Jonathan Robbins
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March 31, 2018

Part 2B of Form ADV: Brochure Supplement

This Brochure Supplement provides information about the Financial Engines Advisors L.L.C. Investment Committee that supplements the Financial Engines Advisors L.L.C. Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of this Brochure Supplement, please contact us at 1-800-601-5957. The information in this Brochure Supplement has not been approved or verified by the SEC or by any state securities authority.

Additional information about Financial Engines Advisors L.L.C. is also available on the SEC's website at www.adviserinfo.sec.gov.

Financial Engines

ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

The Investment Committee at Financial Engines Advisors L.L.C. (FEA) has overall responsibility for the oversight of advisory and investment management services, including the application of Financial Engines' proprietary investment methodology that generates its advice recommendations and portfolio management. The Committee meets regularly (typically weekly) to review and approve methodology and parameter updates, investment policies, new service and client communications designs, and ongoing monitoring of portfolio allocations. The Committee is comprised exclusively of Financial Engines employees with a broad range of experience and expertise. Most members of the Committee have long tenure with Financial Engines, and the majority has been integrally involved in the development of the advisory platform for many years.

FEA's Investment Committee:

Christopher L. Jones (1967), Chairman
A.B. Economics, Stanford University;
M.S. Engineering – Economic Systems, Stanford University;
M.S. Business Technology, Stanford University
Mr. Jones is an Executive Vice President and Chief Investment Officer

Wei-Yin Hu (1967)
A.B. Economics, Stanford University;
Ph.D. Economics, Stanford University
Mr. Hu is Vice President, Financial Research

Gregory D. Stein (1970)
A.B. Economics, Stanford University;
A.M. Economics, Stanford University
Mr. Stein is Vice President of the Analytics Office

Robert L. Young (1966)
A.B. Economics, Georgetown University;
M.B.A., Stanford Graduate School of Business
Mr. Young is Director of Investments

Neil Gilfedder (1971)
B.A. Philosophy, Economics, University of York;
M.A. Economics, Stanford University
Mr. Gilfedder is Vice President, Portfolio Management

Patricia Wang (1971)
B.A. Industrial Engineering and Economics, Stanford University
Ms. Wang is Director, Portfolio Management

Christopher M. Bouffard (1970)
B.A. Finance, University of Vermont
Mr. Bouffard is Managing Director, Research Center

Michael Agostino (1968)
B.S. Computer Science, California Polytechnic State University, San Luis Obispo
Mr. Agostino is Vice President, Product – Platforms

ITEMS 3, 4 & 5 DISCIPLINARY INFORMATION, OTHER BUSINESS ACTIVITIES, ADDITIONAL COMPENSATION

There is no disciplinary information, other business activities or additional compensation to report for each of the above persons.

ITEM 6 SUPERVISION

The Investment Committee at FEA has overall responsibility for the oversight of advisory and investment management services, including the application of Financial Engines' proprietary investment methodology that generates its advice recommendations and portfolio management.